



Oil and Gas Asset Marketing & Advisory Services



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Re: Marketing & Divestment Services

This Agreement is between American Energy Advisors, Inc. and PLS, Inc. (hereinafter together referred to as "AEAPLS") and <CLIENT NAME> (hereinafter referred to as "Seller"). AEAPLS and Seller are sometimes collectively referred to herein as the "Parties" and individually as "Party".

Whereas, the Seller desires to sell an undivided part or all of the working interest holdings that are owned by Seller and described on the attached Exhibit "A" (hereinafter defined as the "Properties"), and Seller desires to engage the services of AEAPLS;

And whereas, AEAPLS desires to assist Seller in the sale of the Properties and earn compensation from its advice and marketing efforts in connection with the sale of the Properties;

IN CONSIDERATION OF THE PREMISES AND THE FOLLOWING MUTUAL COVENANTS THE PARTIES AGREE THAT:

Section 1: SALES PROCESS

AEAPLS will coordinate and handle the marketing process for the Seller through a Marketing Effort that incorporates a flexible, negotiated sale offering. Services to be provided by AEAPLS and described below include, but are not limited to: (1) preparing informal and formal Summary Materials (initial detailed spreadsheet of property information), (2) preparing a Formal Offering Memorandum, (3) organizing all Property Data for packaging, (4) listing and advertising the Properties in PLS' publications and website, (5) selecting and contacting potential purchasers and/or Property buyers, (6) disseminating information to applicable potential purchasers, (7) following up with interested parties, (8) screening buyers for the Sellers, and, to the extent requested by Sellers, (9) handling or otherwise assisting in negotiations;

Engineering Data: it is anticipated that (with Seller's prior written consent) AEAPLS may incorporate in-house engineering data available through the Seller if such engineering data exists.

Packaging: AEAPLS will prepare all the formal materials for the marketing effort including a Formal Offering Memorandum, a detailed Sales Brochure, and (if required), a detailed power point presentation. The formal packaging will be organized on a Regional Basis or by Property Type and may involve multiple hard copy and/or electronic sale brochures which AEAPLS will prepare and reproduce and distribute. AEAPLS shall provide all such materials to Seller for review and approval prior to distribution.

Buyer Contact: AEAPLS will handle buyer communication and contact, including coordination of data submitted to potential buyers, as well as data or package follow-up and/or scheduling Data Room visits as applicable until such time as a purchase price offered by a prospective buyer is accepted by Seller. In addition to mailing brochures, direct email contact, and website advertising, AEAPLS will also advertise and promote the Properties in PLS' various reports.

**Preemptive Process:** as part of the marketing AEAPLS will also suggest certain buyers during a preemptive process which may prefer to negotiate on a one-on-one basis with the Seller. This type of direct referral will personalize the Sale Process and secure interest from aggressive purchasers who might not participate in a formal, rigid sale process.

**Sellers Rights:** the Seller will retain all rights and control of the content included in the marketing process as well as the right to terminate the marketing effort at any time and/or the opportunity to increase the formality and discipline of the marketing process if suggested by AEAPLS. In addition the Seller reserves the right to sell or not sell the Properties as offers are received.

## Section 2: TERM AND STANDARD OF SERVICE

**Term of the Agreement:** Unless extended under the conditions described herein, this Agreement shall be effective on the date that each Party has signed this Agreement and shall continue until the close of business on <DATE SIX MONTHS LATER> (the "initial period"). AEAPLS shall be entitled to and shall receive its Success Fee as defined herein if the Properties are contracted to be sold, or eventually sold to any person, corporation, partnership, company, or any entity (or affiliate of that entity) whatsoever that was introduced by AEAPLS during the initial period. *Receipt by any means of an advertising flyer or data book produced by AEAPLS, or the record of a buyer entering into AEA's or PLS' website to obtain summary information, or entering into AEAPLS' virtual data room, shall be deemed as having been introduced to the Properties.*

The effective date of the sale of the Properties shall be <DATE>, unless the Parties mutually agree to a different effective date and the Success Fee included herein is adjusted accordingly.

**Standard of Service:** AEAPLS represents that its services under this Agreement shall be rendered with the same standard of care, skill, diligence, workmanlike manner, and practice that are customary for competent property marketing firms who specialize in the sale of oil and gas properties and services similar to those contemplated herein. To the degree possible, AEAPLS shall perform all services from its Houston, TX or Irvine, CA offices.

## Section 3: COMPENSATION and COSTS

AEAPLS shall be entitled to and shall receive compensation for the services defined herein through an Engagement Fee and Success Fee as follows:

**Engagement Fee:** AEAPLS will receive a nonrefundable marketing retainer of \$<RETAINER AMOUNT>, which shall be due by <DATE 30 DAYS AFTER EXPECTED EXECUTION OF CONTRACT>.

**Success Fee:** In addition to the Engagement Fee, AEAPLS shall be entitled to and shall receive a Success Fee upon the closing of the sale of the Properties equal to a percentage of the "sale purchase price" as described below, as follows:

**<FOR PROPERTIES UNDER \$8MM>**

Four point nine five percent (4.95%) of the first million, plus  
Three point nine five percent (3.95%) of the second million, plus  
Two point nine five percent (2.95%) of the third million, plus  
One point nine five percent (1.95%) of the fourth million, plus  
Zero point nine five percent (0.95%) of any monies paid over four million dollars.

**<FOR PROPERTIES OVER \$8MM, BUT UNDER \$30MM>**

One and ninety five-one hundredths percent (1.95%)

<FOR PROPERTIES OVER \$30MM>

One and forty five-one hundredths percent (1.45%)

<FOR PROPERTIES OVER \$99MM>

One percent (1.00%)

As used herein the term "sale purchase price" shall mean the sum of: (i) the sale price agreed to by the buyer and Seller referenced in an executed purchase and sale agreement between buyer and Seller; (ii) any marketable securities received by Seller as part of the transaction; (iii) any deposits paid by a buyer in advance of the closing that are credited against the sale purchase price at closing or forfeited by a buyer who fails to close; (iv) the value of any additional cash or equivalents due to be paid to the Seller within 36 months of the Closing; and (v) any non-marketable securities or any royalties received or retained by Seller as part of the transaction.

The Parties agree that the Seller's obligation to pay AEAPLS' compensation extends through the closing of the contracted sale of any of, or any portion of the properties, whenever such closing shall occur.

**NOTE:** if, during the sale of the Properties it is agreed by the Seller to convey any portion of the Properties to a buyer in the form of a farm-out or structured back-in, the Success Fee shall be determined in accordance with the percentages described above, multiplied by the discounted cash flow discounted at 15% of the proved value of such properties according to a reserve analysis conducted by AEAPLS.

**Marketing Costs:** It is agreed that all costs incurred in marketing the Properties including, but not limited to postage, copies, production expenses, and public data searches, will be covered by the Engagement Fee described above. However, if AEAPLS or Seller proposes (and Seller agrees to) a presentation of the marketing materials to a prospective buyer outside of the data room (which is contemplated to be located in AEAPLS' offices in Houston, TX or Irvine, CA), Seller agrees to pay \$125/hour (limited to \$1,000/day) for all presentation and travel time, plus all travel costs incurred by the presenter.

**Engineering Services:** If requested by Seller, AEAPLS will provide qualified engineering, engineering technician, and geologic services as needed for the evaluation of the Properties at an additional cost of: \$150/hour for engineering services, \$75/hour for engineering technician services, and \$125/hour for geologic services. Such services will be billed on a monthly basis.

#### **Section 4: CONFIDENTIALITY and INDEMNIFICATION**

**Confidentiality:** Both Parties agree to keep each of the Party's information (including but not limited to property data, acreage information, and buyer information) confidential and secure for one year from the date of this Agreement. AEAPLS agrees that the amount of the sale purchase price is confidential information and may not be disclosed by AEAPLS without Seller's consent.

**Liability/Indemnification/Arbitration:** Transactions of the type contemplated by the Seller and a potential buyer sometimes results in disputes between a potential buyer, a final buyer, and the Seller. The role of AEAPLS in this transaction is limited to acting as an Advisor to the Seller. As such the Seller hereby indemnifies AEAPLS, its directors, officers, agents, employees, and affiliates to the full extent permitted by Texas law from any claims, demands, causes of action, and costs including Attorney's fees, arising out of AEAPLS' performance of the contract and any litigation that may arise between a potential buyer or actual buyer and the Seller, unless the cause of the action is due to the willful misconduct, fraud, or misrepresentation of AEAPLS in its dealings with potential buyers, or willful breach by AEAPLS of this Agreement.

In addition, the Seller may not withhold AEAPLS' compensation in the event of litigation between a buyer and/or potential buyer, and the Seller unless the cause of the litigation is due to the willful misconduct, fraud, or misrepresentation of AEAPLS in the marketing of the Properties, or the willful breach by AEAPLS of this Agreement.

**Section 5: BREACH OF CONTRACT**

Failure of Seller to pay the Engagement Fee, Success Fee, Marketing Cost, or any other cost, or any part thereof as described herein ("unpaid amounts") within 90 days of the date invoiced shall be considered a breach of contract. Upon such breach Seller agrees that AEAPLS may present this Agreement for summary judgment before a court of law in Texas. If such unpaid amounts are judged collectable by the court, Seller agrees to pay damages to AEAPLS equal to three times the unpaid amount plus all legal costs. In addition, until such damages are paid, said damage amount shall be filed as a judgment against Seller, as well as a lien against any and all Property owned by the Seller at the time of judgment.

This contract shall be governed by the laws of Texas.

Signatures below signify the Parties' agreement to the terms and conditions described herein, and that the executing Parties have authority to agree to such terms on behalf of their respective Party.

Agreed this \_\_\_\_\_ day of <MONTH, YEAR>

**AEAPLS, Inc.**

<CLIENT NAME>

By: \_\_\_\_\_

Managing Director

By: \_\_\_\_\_

Name:

Title:

**ATTACH EXHIBIT "A"**

**[MUST ALWAYS BE PROVIDED BY SELLER]**